

Navithanvely Pradeshiya Sabha

Ampara District

1. Financial Statements

1.1 Presentation of Financial Statements

Financial Statements for the year under review had been submitted to the Audit on 21 May 2014 while Financial Statements relating to the preceding year had been submitted on 04 April 2013. The Auditor General's Report relating to the year under review was issued to the Chairman of the Sabha on 24 December 2014.

1.2 Qualified Opinion

In my opinion, except for the effect of the matters described in paragraph 1.3 of this report, financial statements give a true and fair view of the financial position of the Navithanvely Pradeshiya Sabha as at 31 December 2013 and its financial performance for the year then ended in accordance with Generally Accepted Accounting Principles.

1.3 Comments on Financial Statements

1.3.1 Non- compliance with Sri Lanka Public Sector Accounting Standards

Although the first four of the Sri Lanka Public Sector Accounting Standards should be followed in preparation of accounts with effect from the year 2011 in terms of Public Enterprises Circular No. 03/2013 dated 02 October 2013; financial statements had not been prepared accordingly.

1.3.2 Accounting Deficiencies

Following accounting deficiencies were observed.

- (a) Provision for Audit Fees Payable amounting to Rs. 11,500 for the year under review had not been made in the accounts.

- (b) Provision for Electricity Charges and Telephone Charges etc. Payable totalling Rs. 6,388 for the year under review had not been made in the accounts.

1.3.3 Accounts Receivable and Payable

Action had not been taken up to 19 June 2014 to recover loan balances totalling Rs.42,689 due from two officers who had left on transfers during the year 2012 and from one retired officer.

1.3.4 Non –compliances with Laws, Rules, Regulations and Management Decisions

Following instances of non-compliance with Laws, Rules and Regulations were observed in audit.

Reference to laws, rules, regulations etc.	Non-compliance
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(a.) Section 158 of the Pradeshiya Sabha Act No. 15 Of 1987	- A warrant to the effect that Property Rates were not paid, signed by the Secretary had not been given to the Revenue Collector or the Officer.
(b.) Pradeshiya Sabha (Financial and Administrative) Rules of 1988 Chapter 1 Section 5 (XII)	- Security Deposits had not been obtained from two officers assigned with duties relating to Cash and Stores.

2. Financial Review

2.1 Financial Result

According to the Financial Statements presented, excess of revenue over recurrent expenditure of the Sabha for the year ended 31 December 2013 amounted to Rs.1,172,876 as compared with the corresponding excess of revenue over recurrent expenditure for the preceding year amounted to Rs. 1,719,777 indicating a decline of Rs. 546,901 in the financial results.

2.2 Revenue Administration

2.2.1 Stamp Fees

Action had not been taken to compute and recover the amount of Stamp Fees Receivable as at the end of the year under review from the Registrar General up to 19 June 2014.

2.2.2 Other Revenue

- (a) Charges to be recovered amounting to Rs. 40,000 relevant to the year under review for 02 Telecommunication Towers erected by Telecommunication Establishments had not been recovered.

- (b) Action had not been taken up to 19 June 2014 to recover arrears of Beef Stalls Lease Rent amounting to 2,543,081 relevant to the period from the year 2006 to the year 2012.

3. Accountability and Good Governance

3.1 Internal Audit

Although it had been stated that, each Local Authority should establish an Internal Audit Section according to their capacity, vide clause 8 in Local Government Restructure Circular No. 3 dated 08 November 2005 of the Ministry of Provincial Councils and Local Government, an Internal Audit Section had not been established.

4. Systems and Controls

Special attention is needed in respect of the following areas of systems and control.

- (a) Accounting
- (b) Fixed Assets Control
- (c) Revenue Collection